

MUNICIPAL YEAR 2013/2014 REPORT NO.

MEETING TITLE AND DATE:

**REPORT TO: OVERVIEW
& SCRUTINY COMMITTEE
27 March 2014**

REPORT OF:

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Human Resources

Agenda – Part:	Item:
Subject:	
Review of the Use of Agency Workers, Consultants and Internees	
Cabinet Member consulted:	

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1. EXECUTIVE SUMMARY

In 2010 the Committee resolved to periodically receive reports updating the Committee on the use of agency workers, internees and consultants in the provision of services. This report updates the Committee on changes in the provision and use of agency workers that have taken place over the past 12 months.

2. RECOMMENDATIONS

The Committee note the statistics in relation to in the use of agency workers outlined in paragraph 3.11.

3. BACKGROUND

3.1 Since 2006 the supply of the majority of agency workers engaged by the Council has been through a competitively tendered contract awarded to Matrix SCM. Under the terms of this contract Matrix SCM supplied agency workers to the Council at agreed maximum hourly rates. In addition the Council continues to receive a rebate in respect of additional savings that arise as a consequence of Matrix renegotiating lower hourly rates with those employment agencies that joined the Matrix supply chain. In 2010 the contract was retendered, with the contract again being awarded to Matrix SCM. Under the terms of the new contract a lower management fee was agreed thereby reducing the cost to the Council of using agency workers.

- 3.2 Matrix SCM manage the supply chain on a 'vendor neutral' basis. This provides an effective way to manage a supply chain across a range of specialist providers to ensure that all the Council's agency worker requirements across a diverse range of suppliers can be met through a single system. This also ensures that our suppliers remain competitive and provide value for money. All agency workers are ordered and invoiced via the Matrix system.
- 3.3 The agency worker supply chain under Matrix includes a number of local providers and workers. 33% of the current agency workforce are residents in Enfield.
- 3.4 Under the terms of the new contract other councils are able to join the supply chain framework with the Council receiving a small additional business volume related rebate. To date 4 other London Boroughs and Enfield Homes have become party to the contract.
- 3.5 In 2012/13 the volume rebate for 2012/13 was £8,998. Other agency worker related management initiatives are projected to return £30,000 to central budget heads.
- 3.6 The new contract includes the supply of street cleaning and driving agency workers and over the past year an Executive category has been added to the contract. This has enabled the Council to move a number of 'off-contract' arrangements under the contract. The agency workers required for the School Catering Service continue to be engaged through separate contractual arrangements made by the Head of Catering Services with individual agencies.
- 3.7 The Executive category has also enabled the Council to generate savings for all new engagements due to the lower agency mark-up achieved under this contract. The rate negotiated under this contract of 16% is extremely favourable in comparison with an average supplier mark up of 25%. It is estimated that this is currently saving £900 per day across 23 workers engaged under this category.
- 3.8 The Agency Worker Regulations (AWR) came into effect on 1 October 2011. AWR entitles all agency workers to receive the same pay and some benefits of permanent employees after 12 weeks of continuously working for the Council. This has resulted in increased costs of individual agency workers engaged on a long term basis to cover posts held vacant either pending reorganisation or to provide redeployment opportunities for permanent staff placed at risk of redundancy as a consequence of budget reductions in other services.
- 3.9 In addition to the financial advantages derived from the contractual relationship with Matrix the Council also receives monthly management information reports on the overall use and cost of agency workers providing greater transparency.

- 3.10 The strategic use of agency workers has enabled the Council to contain redundancies to below 60 FTEs in 2011/12, 25 FTE in 2012/13 and 50 FTE in 2013/14 thereby mitigating both the financial cost of redundancy payments to the Council and the personal cost to individual members of staff. This strategy will be continued over the next three years with a view to minimising the number of compulsory redundancies.
- 3.11 Despite the many financial and other pressures and changes that have taken place over the past 3 years the Council's use of agency workers continues to fall. The total spend and average agency worker headcount is shown in the table below:

Year	Spend	Average Agency worker FTE
4/11 - 3/12	Total annual spend £12.4m	520 per month
4/12 – 3/13	Total annual spend £14m	476 per month
4/13 – 2/14	Total spend to Feb 14 £16m	432 per month

The overall spend in comparison with the number of workers engaged has increased since 2012/13 due to the additional costs to implement AWR pay and holiday, implementation of the London Living Wage plus the additional categories now engaged via Matrix.

Use of Consultants and Interns

Since late 2010/early 2011 the engagement of consultants and Interns receiving hourly rates that are equivalent to an annual payment of £50k or more has been subject to the approval of the Cabinet Member for Finance & Corporate Resources.